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Ecuador

Oilseeds and Products

Annual

2000

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Report Highlights:

Soybean meal domestic consumption will likely decrease as a result of a reduction of demand for shrimp feed, which has been affected by white and yellow pot diseases.

Demand for poultry feed will also decrease due to a reduction of consumption of poultry meat, which in turn as a result of a severe economic situation in Ecuador.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Quito [EC], EC

Table of Contents

Executive Summary 1

Production 1

Consumption 3

Trade 4

..... 4

Policy 6

Executive Summary

Imports of soybean meal by Ecuador will continue at relatively high levels of 155,000 MT for MY 2000/01, soybean production remains at historically low level at about 22,000 MT. U.S. meal should capture more than 62 percent of market share. Ecuador, Argentina, and Brazil negotiation will grant 20 percent tariff preference for soybean oil, soybean meal and soybeans effective in June 2000.

Production

Soybean production for Marketing Year 2000/01, (June 2000 to May 2001) is forecasted at 33,000 MT and harvested area at 22,000 hectares, a reduction compared to previous year figures of 35,000 MT and 25,000 hectares. This reduction is expected mainly by drought conditions that prevailed early this year. Soybeans production in Ecuador has never recovered from an intense "white fly" infestation in 1995, and the adverse weather conditions of the "El Nino" Phenomenon. Producers continue to avoid what is now considered a risky crop and shift to better priced productions, such as corn, rice and African palm oil. Low prices add to the dismal production levels.

African Palm Oil is the most important oil crop produced in Ecuador. Production of palm oil is estimated at 246,000 MT in CY 2000, production for CY 1999 would have reached at 230,000 MT. African palm oil comprises more than 80 percent of vegetable oil production in the country.

PSD Table						
Country:	Ecuador					
Commodity:	Soybean					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		06/1998		06/1999		06/2000
Area Planted	10	10	15	28	0	25
Area Harvested	8	8	13	25	0	22
Beginning Stocks	2	2	1	1	0	1
Production	15	15	20	35	0	33
MY Imports	20	11	30	5	0	10
MY Imp. from U.S.	11	4	18	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	37	28	51	41	0	44
MY Exports	0	0	0	9	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	33	24	46	28	0	38
Food Use Dom. Consump.	0	0	0	0	0	0

Feed Waste Dom.Consum.	3	3	3	3	0	4
Total Dom. Consumption	36	27	49	31	0	42
Ending Stocks	1	1	2	1	0	2
TOTAL DISTRIBUTION	37	28	51	41	0	44
Calendar Year Imports	20	17	30	5	0	10
Calendar Yr Imp. U.S.	10	11	14	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country:						
Commodity:	Soybean Meal					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		06/1998		06/1999		06/2000
Crush	33	24	46	28	0	38
Extr. Rate	0.7272727	0.75	0.7608696	0.75	0	0.7368421
Beginning Stocks	2	2	3	5	0	3
Production	24	18	35	21	0	28
MY Imports	175	191	170	180	0	155
MY Imp. from U.S.	115	88	110	115	0	105
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	201	211	208	206	0	186
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom.Consum.	198	206	203	203	0	180
Total Dom. Consumption	198	206	203	203	0	180
Ending Stocks	3	5	5	3	0	6
TOTAL DISTRIBUTION	201	211	208	206	0	186
Calendar Year Imports	202	199	190	126	0	125
Calendar Yr Imp. U.S.	104	104	165	77	0	85
Calendar Year Exports	0	0	0	0	0	0

Calndr Yr Exp. to U.S.	0	0	0	0	0	0
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PSD Table						
Country:						
Commodity:	Soybean oil					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		06/1998		06/1999		06/2000
Crush	33	24	46	28	0	38
Extr. Rate	0.1818182	0.1666667	0.1956522	0.1785714	0	0.1842105
Beginning Stocks	12	12	14	15	0	13
Production	6	4	9	5	0	7
MY Imports	65	64	60	58	0	56
MY Imp. from U.S.	7	6	7	3	0	7
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	83	80	83	78	0	76
MY Exports	4	0	4	2	0	2
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	65	65	65	63	0	61
Feed Waste Dom.Consum.	0	0	0	0	0	0
Total Dom. Consumption	65	65	65	63	0	61
Ending Stocks	14	15	14	13	0	13
TOTAL DISTRIBUTION	83	80	83	78	0	76
Calendar Year Imports	66	66	0	55	0	56
Calendar Yr Imp. U.S.	6	6	0	3	0	7
Calendar Year Exports	4	0	0	2	0	2
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Consumption

Total domestic production of edible oils, including lard and the margarine, is estimated at 210,000 MT for MY 1999/00. Due to the difficult economic situation, consumption of edible oils is under a reduction trend. Consumption for MY 2000/01 is forecasted at 200,000 MT. By the same token, consumption of soybean meal for feed will decrease 23,000 MT to 180,000 MT. This situation is caused, among others, by a reduction of the demand of shrimp feed as a result of white and yellow pot diseases.

Trade

Ecuador has only a small crushing industry, generally dependent on local soybean production.

Due to the slight increase of soybeans in MY 1999/00 to 25,000 MT, imports of beans were at about 5,000 MT. Most of the imports were in the form of meal, 180,000 MT, and oil, 58,000 MT as that proved to be the cheapest alternative. Soybean imports for MY2000/01 are forecasted to reach 10,000 MT compensating to certain extent reduction on production, imports of soybean meal are estimated at 155,000 MT.

Ecuador has developed as a very good market for U.S. soybean meal over the past several years. The U.S. maintains a freight and quality advantage over Argentina and Bolivia, though the meal from those origins is generally cheaper. Imports from the U.S. for CY1998 were 104,000 MT, Argentina was the second supplier with 63,000 MT, and finally Bolivia with 31,000 MT. Soybean imports from the U.S. for CY1999 are estimated at 77,000 MT (data available in November 1999); 31,000 MT from Argentina and 17,000 MT from Bolivia. Soybean imports for CY 2000, will show a slight decrease compared to the previous year. The Ecuadorian feed industry has become dependent on imported oilseed meals to meet internal demand, this trend will continue until the pest infestation problems are abated. On the other hand, most of the crushing capacity has been systematically dismantled in Ecuador.

Soybean oil imports fell during MY 1999/00 due to reduced soybean production. With 58,000 MT, imports had kept the pace even with a decrease on demand. For MY2000/01 we forecast that imports will slightly decrease at 56,000 MT. Most of the imports are coming from Argentina due to lower prices, and most important, lower import tariffs. The U.S. market share of soybean oil is insignificant 6 to 9 percent. The U.S. exported 28,000 MT of soybean meal under the PL 480, Title I program. It will probably export an additional 30,000 MT of soybean meal under Section 416 (b) program as donations for feeding programs in Ecuador and 5,000 MT of soybean oil.

Import Trade Matrix			
Country:		Units:	Metric Tons
Commodity:	soybean Oil		
Time period:	Jan-Decembe r		
Imports for	1998		1999
U.S.	6414	U.S.	3032
Others		Others	
Argentina	53692	Argentina	39580
Bolivia	6252	Bolivia	0

Total for Others	59944		39580
Others not listed	0		5550
Grand Total	66358		48162

Import Trade Matrix				
Country:	Ecuador	Units:	Metric Tons	
Commodity:	Soybean meal			
Time period:	Jan-December			
Imports for	1998		1999	
U.S.	104846	U.S.	76737	
Others		Others		
Argentina	63365	Argentina	31397	
Bolivia	30901	Bolivia	17400	
Total for Others	94266		48797	
Others not listed	0		0	
Grand Total	199112		125534	
Source: Sica-Min of Agriculture, and Central Bank of Ecuador				

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Policy

The APROGRACE (National Cooking Oil Producer Association) has complained against the treatment given by Ecuador to soy oil importations both crude and refined coming from Bolivia. APROGRACEC considers that this confers advantage to refined oil from Bolivia against crude oils from Argentina or the U.S. APROGRACEC has proposed to reduce the tariff bound negotiated under WTO from 35 to 20 percent. This tariff would compensate the advantage of crude and refined Bolivian oil coming into Ecuador duty free. If the GOE had accepted such proposal, it would have implied phasing out the Andean Price Band system which, according to Ecuadorian government, would have unprotected the soybean and Palm oil production industry.

In February 1999, the GOE assessed an additional tariff called the "Safeguard Clause" to all agricultural imports. According to this, imports of soybean and soybean are assessed an additional 8 percent, and soy oil an additional 10 percent import tariff. Soybeans and products are also subject to the Community of Andean Nations (CAN) price band system. Soybean and soybean meal import tariffs now total 40 percent, and 35 percent for soy bean oil. This now approaches the maximum bound tariff rate under the WTO Accession Agreement.

Ecuador is ready to negotiate with Argentina an exemption for soybean oil, soybeans and soybean meal granting 20 percent tariff advantage for imports, effective since June 2000. By the same token, these preferential tariff are applicable for importats coming from Brazil, effective since October 1999. Imports coming from Bolivia are exempted from import tariffs, and are only assessed the Safeguard tariff. Soybean meal is also under a Tariff Rate Quota regime, whereby a minimum 17,000 metrics tons has a maximum preferential 25 percent tariff rate. However, this TRQ never has been complied by Ecuador.

Prices Table					
Country:					
Commodity:					
Year:	1999				
Prices in (currency)	suces	per (uom)	hundredweigh		
Year	1998	1999	% Change		
Jan	62000	75000	21.0%		
Feb	62500	78000	24.8%		
Mar	63000	90000	42.9%		
Apr	64000	78000	21.9%		
May	65000	70000	7.7%		

Jun	65000	78000	20.0%		
Jul	66000	85000	28.8%		
Aug	68000	86000	26.5%		
Sep	70000	92000	31.4%		
Oct	70000	109000	55.7%		
Nov	72000	140000	94.4%		
Dec	75000	140000	86.7%		